

CONTINGENCY FEE AGREEMENT  
DEPARTMENT OF BOYACA V. MULTINATIONAL TOBACCO COMPANIES

THIS AGREEMENT is made between the DEPARTMENT OF BOYACA, (hereinafter designated as the "Client") and Sacks and Smith, L.L.C. and Krupnick, Campbell, Malone, Roselli, Buser, Slama Hancock McNelis Liberman and McKee, P.A. (collectively designated "Attorneys"). The agreement, once signed by all of the parties, is considered effective as of the first date indicated next to the name of the signatory. The parties to this agreement, to be executed in its entirety in a foreign country, with the intention to be legally bound by its provisions, have agreed to the following:

1. Object: The Client engages the Attorneys to represent the Client in litigation in foreign countries against United States and international tobacco manufacturers and other parties responsible on the basis of their activities relating to the contraband of their tobacco products in the DEPARTMENT OF BOYACA, together with all other subsequent claims that the Attorneys consider to be related and to have merit.
2. Costs and expenses: The costs shall not be paid by the Client if there is no compensation of any kind. The Attorneys shall advance the payment of all costs and expenses of the litigation. The sums submitted by the investigators who may be hired by the Client in relation to the preparation and support of the legal actions contemplated in this agreement as costs and expenses shall be paid and entered into the accounts of the Attorneys as a cost. The Attorneys shall be reimbursed by the Client for all of these costs and expenses in their entirety from any income recovered, that is, in addition to the fees payable pursuant to point 6 of this agreement. These costs and expenses shall be paid by the client upon the conclusion of the proceeding, with debit to the compensation obtained, or to the sums derived from any total or partial settlement reached prior to the final decision. The statement of the costs paid by the Attorneys shall be permanently available at the offices of the Attorneys, and shall be sent to the Client upon written request.
3. Additional attorneys: The Attorneys may, at their discretion, associate with or hire additional attorneys and/or law firms to assist them in this litigation. Every new attorney or law firm shall be paid by the Attorneys, and the Client shall not be obliged to pay any additional fee.

4. Warranty of the Client: The Client warrants that the person who enters into this agreement on behalf of the Client has full legal authority pursuant to all laws, ordinances and other rules applicable to the DEPARTMENT OF BOYACA to commit the Client according to the conditions of this agreement, and that all of the actions that must be accomplished for the making and perfection of this agreement have been accomplished.
5. Warranty of the Attorneys: The Attorneys shall represent the Client in a professional and competent manner, to the extent of its capability. The Client understands, however, that litigation is an uncertain process, that the Attorneys cannot guarantee, and, in fact, do not guarantee, a specific outcome of this case, and that the attorneys cannot predict, with precision, how long the litigation may take.
6. Fees: In the event that no monetary compensation, or court order by means of a judgment or settlement, is obtained, the Attorneys shall receive no fee, and the Client shall not be liable for the payment of any expense.

In compensation for its aforementioned services, the Client agrees that the Attorneys shall receive fees equivalent to fifteen percent (15%) of the gross sums received in the entire proceeding, in accordance with United States or foreign legal customs and practice. The "gross sums received" shall include the amount of the non-monetary compensation received by the Client, in accordance with United States or foreign legal customs and practice.

7. Right of the Attorneys to withdraw: Subject to the rules applicable to professional conduct, the Attorneys may withdraw from representation of the Client in this matter if the Client does not cooperate substantially with the Attorneys in the handling of the case, if the representation of the Client by the Attorneys could reasonably create a conflict of interest or a violation of the rules of professional conduct applicable to attorneys, or a violation of the law, or if another action within the case, in the opinion of the Attorneys, lacks legal merit.
8. Other dismissal: In the event that the Client dismisses the Attorneys for just cause, the client shall owe no sum for fees, nor shall it be obliged to pay the expenses incurred by the Attorneys. In the event of a dismissal of the Attorneys for non-justified cause, the

Client shall be obliged to pay the expenses incurred by the Attorneys as of the date of the dismissal. In addition, if, at the time of the dismissal of the Attorneys for non-justified cause, an out-of-court settlement offer, or judgment against the defendant tobacco companies is pending, the client shall pay the Attorneys a sum equivalent to 15% of the amount of the final offer of out-of-court settlement, or of the sums that the defendants were ordered to pay, all in accordance with United States or foreign legal customs and practice.

9. Duration: Unless this agreement is rescinded pursuant to the preceding clauses, this agreement shall be effective during the lawsuit and all subsequent appeals of the litigation that is the subject of this agreement.
10. Filing with the court: The Attorneys may file this fee agreement with the court where the complaint was filed. The parties hereby authorize the court to enforce the provisions of this agreement.
11. Confidentiality of information: The Client acknowledges and agrees that the information provided under reserve to the Client by the Attorneys is the result of the work of the Attorneys and is the property of the Attorneys. In consequence, the Client shall maintain the confidentiality of all such information, and shall not divulge or utilize that information in any manner without the prior authorization in writing of the Attorneys.

In turn, the Attorneys shall maintain the confidentiality of all information received under reserve of the Client, and shall not divulge or utilize that information in any manner without the prior authorization in writing of the Client. The obligations as to confidentiality of information pursuant to this clause shall remain in effect for a period of ten (10) years from the date of execution of this agreement.

12. Commitment in the event of counterclaim: Whereas, given the eventuality that the suit against the multinational tobacco companies will not prosper, and that the Department may be ordered by the competent foreign court to pay some amount of the costs and/or fees of attorneys paid by the defendants, the Attorneys shall assume and immediately pay this debt.

Whereas, given the eventuality that a subsequent complaint may be filed by the multinational tobacco companies against the Department for defamation, libel or slander, or for a similar charge, or for the alleged abuse of the right to sue, derived from the action filed by the Attorneys on behalf of the Department against the multinational tobacco companies for their activities relating to smuggling of tobacco products, the Attorneys engage to defend the Department judicially and extra-judicially from such accusations and to assume all of the costs of that defense. In addition, the Attorneys engage to assume all financial obligations derived from a ruling or decision issued within those potential actions relating to defamation, libel or slander, or for a similar charge, or for the alleged abuse of the right to sue, derived from the action filed by the Attorneys on behalf of the Department against the multinational tobacco companies for their activities relating to smuggling of tobacco products. The Department, on its part, engages to permit that defense and not to interfere with it.

13. The clauses of this agreement shall be binding upon the testamentary executors, heirs, successors and assigns of the parties. Neither the rights nor the obligations of this agreement may be assigned without the written consent of the parties to this agreement.
14. Applicable law: This agreement shall be governed and interpreted pursuant to the laws of the State of Louisiana, United States, and all legal action derived from it shall be filed before the courts of the State of Louisiana.
15. Independent legal counsel: The Client warrants that this agreement has been reviewed by an attorney chosen by the Client, prior to the execution of the agreement.

IN TESTIMONY WHEREOF, the parties have hereby executed this agreement on the dates entered beside the names of the signatories.

DEPARTMENT OF BOYACA  
[signature]

BY: EDUARDO VEGA LOZANO

Date: October 1st, 1999

TITLE: GOVERNOR OF BOYACA

RUPNICK CAMPBELL MALONE  
ROSELLI BUSER SLAMA HANCOCK

MCNELIS LIBERMAN AND MCKEE, P.A.

BY: [signature]

Date: October 8th, 1999

SACKS AND SMITH, L.L.C.

BY: [signature]

Date: October 12th, 1999